Parliamentary Protective Service
Service de protection parlementaire
CANADA

FINANCIAL STATEMENTS
2024 | 2025

FOR THE YEAR ENDED
MARCH 31, 2025

Table of Contents

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying Financial Statements of the Parliamentary Protective Service (PPS) for the year ended March 31, 2025, and of all information contained in these statements rests with management.

These Financial Statements have been prepared by management in accordance with Canadian public sector accounting standards, using management's best estimates and judgement where appropriate, and giving due consideration to materiality. Financial information submitted to the *Public Accounts of Canada* is consistent with these Financial Statements.

Management maintains a system of financial management and internal control and management practices designed to provide reasonable assurance that the financial information is reliable, that assets are safeguarded, that resources are managed economically and efficiently in the achievement of PPS objectives, and that transactions reflect the policies in force and statutory requirements.

Management also seeks to ensure the objectivity and integrity of data in its Financial Statements by careful selection, training and development of qualified staff; by organizational arrangements that provide appropriate divisions of responsibility; and by communication programs aimed at ensuring that regulations, policies, guidelines, standards, and managerial authorities are understood throughout PPS.

At the request of management, these Financial Statements have been audited by KPMG LLP, PPS's independent auditors.

On behalf of the Parliamentary Protective Service,

C/Supt. Mitch Monette O.3161

Mitch Monette
Director, Parliamentary Protective Service
OCT 0 3 2025

Eric Savard
Chief Financial Officer

Ottawa, Canada
Date: September 16, 2025

KPMG LLP
150 Elgin Street, Suite 1800
Ottawa, ON K2P 2P8
Canada
Telephone 613 212 5764
Fax 613 212 2896

INDEPENDENT AUDITOR'S REPORT

To the Parliamentary Protective Service

Opinion

We have audited the financial statements of the Parliamentary Protective Service (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and Parliamentary Protective Service's net financial position for the year then ended
- the statement of change in the Parliamentary Protective Service's net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations and net financial position, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 16, 2025

Statement of Financial Position

As of March 31

(in thousands of dollars)	2025	2024
Financial assets		
Due from the Consolidated Revenue Fund	8,434	6,934
Accounts receivable (*note 6*)	630	2,140
Advances (*note 7*)	15	17
Total financial assets	9,079	9,091
Non-financial assets		
Prepaid expenses	240	178
Inventory held for use	3,924	3,029
Tangible capital assets (*note 8*)	10,614	9,999
Total non-financial assets	14,778	13,206
Total assets	23,857	22,297
Liabilities		
Accounts payable and accrued liabilities (*note 4*)	8,676	13,334
Vacation pay and compensatory leave	8,152	7,803
Contingent liabilities	276	336
Employee future benefits (*note 5*)	3,113	2,764
Total liabilities	20,217	24,237
Net financial position	3,640	(1,940)

Contractual obligations (*note 9*)
Contingent liabilities (*note 10*)

The accompanying notes form an integral part of these Financial Statements.

Statement of Operations and Net Financial Position

For the year ended March 31

(in thousands of dollars)	***Budget*** *(note 11)*	**2025**	**2024**
Net financial position – beginning of year		**(1,940)**	2,292
Expenses			
Operating			
Salaries and benefits	94,964	**97,362**	97,213
Professional and special services	5,001	**4,990**	5,030
Accommodations	4,740	4,289	4,072
Computers, office equipment, furniture, and fixtures	3,490	2,333	2,494
Amortization of tangible capital assets	1,812	1,812	1,588
Repair and maintenance	957	956	873
Rentals	767	769	794
Utilities, materials and supplies	1,645	750	986
Transportation and communications	536	536	446
Information	229	229	177
Other	-	113	200
Net loss on disposal of tangible capital assets	-	-	2
Expenses capitalized to tangible capital assets (*note 8*)	-	(1,374)	(1,734)
Total expenses	114,141	**112,765**	112,141
Revenues			
Cost recoveries		**1,446**	1,260
Other		**145**	203
Total revenues		**1,591**	1,463
Net cost of operations		**111,174**	110,678
Funding and transfers			
Net cash provided by the Consolidated Revenue Fund		**103,639**	97,408
Change in due from the Consolidated Revenue Fund		**1,500**	(1,710)
Services received without charge (*note 13 (a)*)		**11,625**	10,741
Transfer from other government departments		**(10)**	7
Total funding and transfers		**116,754**	106,446
Net cost (surplus)		**(5,580)**	4,232
Net financial position – end of year		**3,640**	(1,940)

The accompanying notes form an integral part of these Financial Statements.

Statement of Change in Net Debt

For the year ended March 31

(in thousands of dollars)	2025	2024
Net debt - beginning of year	**15,146**	9,468
Net cost of operations after funding and transfers	**(5,580)**	4,232
Change due to tangible capital assets		
Acquisitions of tangible capital assets *(note 8)*	**1,053**	811
Amortization of tangible capital assets	**(1,812)**	(1,588)
Net loss on disposals of tangible capital assets	**-**	(2)
Transfer of capital assets from other government entities	**-**	2
Expenses capitalized to tangible capital assets *(note 8)*	**1,374**	1,734
Total change due to tangible capital assets	**615**	957
Change due to inventory held for use	**895**	419
Change due to prepaid expenses	**62**	70
Net increase (decrease) in net debt	**(4,008)**	5,678
Net debt - end of year	**11,138**	15,146
Consisting of:		
Financial liabilities	**20,217**	24,237
Less: Financial assets	**9,079**	9,091
	11,138	15,146

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended March 31

(in thousands of dollars)	**2025**	**2024**
Operating activities		
Net cost of operations	**111,174**	110,678
Non-cash items		
Services received without charge (*note 13 (a)*)	**(11,625)**	(10,741)
Expenses capitalized to tangible capital assets (*note 8*)	**1,374**	1,734
Amortization of tangible capital assets (*note 8*)	**(1,812)**	(1,588)
Net loss on disposal of tangible capital assets	**-**	(2)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable	**(1,510)**	828
Increase (decrease) in advances	**(2)**	6
Increase (decrease) in prepaid expenses	**62**	70
Increase (decrease) in inventory held for use	**895**	419
Decrease (increase) in accounts payable and accrued liabilities	**4,658**	(1,557)
Decrease (increase) in contingent liabilities	**60**	(50)
Decrease (increase) in vacation pay and compensatory leave	**(349)**	(3,196)
Decrease (increase) in employee future benefits	**(349)**	1
Transfer from other government entities	**10**	(7)
Cash used in operating activities	**102,586**	**96,595**
Capital investing activities		
Acquisition of tangible capital assets	**1,053**	811
Transfer of capital assets from other government entities	**-**	2
Cash used in capital investing activities	**1,053**	813
Net cash provided by the Consolidated Revenue Fund	**103,639**	97,408

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended March 31

1. Authority and objectives

The **Parliamentary Protective Service** (PPS) is a self-governing institution established on June 23, 2015, as a statutory office by Royal Assent under subsection 79.52(1) of the *Parliamentary of Canada Act*. PPS brings together the former Senate and House of Commons protection services.

PPS is led by a director and reports to the Senate, the House of Commons and the Royal Canadian Mounted Police. For policy and administrative issues related to security services within the Parliamentary Precinct, PPS reports to the Speakers of the Senate and House of Commons. For all operational issues, the director reports to the Commissioner of the Royal Canadian Mounted Police.

PPS is responsible for physical security throughout the Parliamentary Precinct and on the grounds of Parliament Hill. PPS plays a critical role in ensuring the safety of parliamentarians, employees and visitors within the Parliamentary Precinct. PPS is responsive to the needs of the evolving environment and is responsible for protective operations, scanning and access control, perimeter protection, alarm monitoring, operational communications, and ceremonial traditions. In addition to these responsibilities, PPS works closely with various partners to coordinate security and safety efforts across the Precinct. Key partners include the Senate Corporate Security Directorate, the House of Commons Sergeant-at-Arms and Corporate Security Office, the Royal Canadian Mounted Police, and the Ottawa Police Service.

Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies

(a) Basis of presentation

These Financial Statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Parliamentary authorities

PPS is funded through parliamentary authorities. Financial reporting of authorities provided to PPS does not parallel financial reporting, according to Canadian public sector accounting standards, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(c) Net cash provided by the Consolidated Revenue Fund

PPS operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by PPS is deposited to the CRF, and all cash disbursements made by PPS are paid from the CRF. The net cash provided by the CRF is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government of Canada.

(d) Due from the Consolidated Revenue Fund

Amounts due from the Consolidated Revenue Fund (CRF) are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that PPS is entitled to draw from the CRF without further appropriations to discharge its liabilities.

(e) Accounts receivable and advances

Accounts receivable and advances are stated as amounts expected to be ultimately realized.

(f) Inventory held for use

Inventory held for use consists of consumable parts, uniforms, material, stationery, and office supplies held for future activities. Inventory is valued at the lower of cost or net realizable value using the average cost method, and using the first in, first out method for other items.

Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(g) Tangible capital assets

PPS does not capitalize intangibles, works of art or historical treasures that have cultural, aesthetic or historical value. Amounts included in assets under development are transferred to the appropriate asset class upon completion and are then amortized. Salaries and other operating expenses that are eligible for capitalization to an asset under development are added to the cost of the asset.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Informatics hardware and infrastructure	3 years
Software	3 to 5 years
Machinery and equipment	5 to 7 years
Vehicles	5 to 7 years
Arms and Weapons	15 years
Other equipment	5 to 10 years

(h) Employee future benefits

i. Salaries, benefits, and vacation leave

Salaries, benefits and vacation leave are expensed as they accrue, in accordance with the terms of employment. The salaries and benefits liability are calculated based on terms of employment using the salary levels at year-end and the number of days remaining unpaid at the end of the year. The liability for vacation leave is calculated at the salary levels in effect at March 31 for all unused vacation leave benefits. Vacation pay liabilities payable upon cessation of employment represent PPS obligations that are normally funded through future years' parliamentary authorities.

2. Summary of significant accounting policies (continued)

(h) Employee future benefits (continued)

ii. Employee severance benefits

Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as the services necessary to earn them are rendered. The obligation relating to the benefits earned by these employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government of Canada as a whole.

iii. Employee pension benefits

Eligible employees participate in the Public Service Pension Plan under the *Public Service Superannuation Act*, which is sponsored and administered by the Government of Canada. PPS's contributions to the Plan are charged to expenses in the year in which they are incurred and represent the total obligation of PPS to the Plan. PPS is not required under current legislation to make contributions for any actuarial deficiencies of the Plan.

iv. Sick leave

PPS employees are eligible to accumulate sick leave until termination of employment. Accumulated, unused sick leave is not eligible for payment on retirement or termination and may not be used as vacation. All sick leave is an accumulating non-vesting benefit.

A liability is recorded for sick leave balances expected to be taken in excess of future allotments. The cost of sick leave as well as the present value of the obligation is determined using an actuarial valuation. Any gains and losses are recognized in net results in the period in which they arise.

(i) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities if one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended March 31

2. Summary of significant accounting policies (continued)

(j) Revenues

Revenues are recognized in the year in which the underlying transaction or event occurred, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

Revenues are derived from specific event fees where PPS must increase security personnel.

(k) Services received without charge

Services received without charge from federal government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(l) Foreign currency transactions

Transactions involving foreign currencies are converted into Canadian dollar equivalents using the exchange rates in effect at the time of those transactions.

(m) Measurement uncertainty

The preparation of these Financial Statements in accordance with Canadian public sector accounting standards requires that management make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses reported in the Financial Statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the Financial Statements in the year they become known.

Notes to the Financial Statements
For the year ended March 31

2. Summary of significant accounting policies (continued)

(n) Financial Instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized costs unless management has elected to carry the instruments at fair value. Management has not elected to record any financial instruments at fair value.

A statement of remeasurement gains and losses is not presented in these financial statements as PPS does not have financial instruments requiring remeasurement.

Notes to the Financial Statements

For the year ended March 31

3. Parliamentary authorities

PPS receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Consequently, PPS has different net results of operations for the year on a parliamentary funding basis rather than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year parliamentary authorities used

(in thousands of dollars)	**2025**	**2024**
Net cost of operations	**111,174**	110,678
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services received without charge (*note 13 (a)*)	**(11,625)**	(10,741)
Amortization of tangible capital assets	**(1,812)**	(1,588)
Net loss on disposal of tangible capital assets	**-**	(2)
Decrease (increase) in contingent liabilities	**60**	(50)
Decrease (increase) in employee future benefits	**(349)**	1
Decrease (increase) in accrued liabilities	**4,542**	-
Refund of previous years' expenditures	**19**	55
Refund of program expenditures	**(9)**	-
Other revenues	**1**	
Gain on disposal of non-capital assets	**1**	2
Decrease (increase) in vacation pay and compensatory leave	**(349)**	(3,196)
Expenses capitalized to tangible capital assets (*note 8*)	**1,374**	1,734
Prepaid expenses consumption	**(174)**	(101)
Other	**2,714**	(3,326)
	(5,607)	(17,212)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	**1,053**	811
Increase in inventory	**895**	419
Prepaid expenses	**236**	171
Other	**74**	100
	2,258	1,501
Current year authorities used	**107,825**	94,967

Notes to the Financial Statements
For the year ended March 31

3. Parliamentary authorities (continued)

(b) Authorities provided and used

(in thousands of dollars)	2025	2024
Vote 1 – Operating expenditures	**103,130**	91,984
Statutory amounts	**11,939**	10,501
	115,068	102,485
Less:		
Lapsed – Operating	**7,243**	7,518
Current year authorities used	**107,825**	94,967

4. Accounts payable and accrued liabilities

(in thousands of dollars)	2025	2024
Payables – External parties	**1,323**	1,322
Payables – Federal government entities	**2,092**	1,060
	3,415	2,382
Accrued liabilities	**5,261**	10,952
Total accounts payable and accrued liabilities	**8,676**	13,334

Notes to the Financial Statements

For the year ended March 31

5. Employee future benefits

(a) Employee severance benefits

PPS provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2025	2024
Employee severance benefit obligation – beginning of year	1,216	1,370
Change in liability for the year	308	(141)
Benefits paid during the year	(191)	(13)
Employee severance benefit obligation – end of year	**1,333**	1,216

(b) Sick leave benefits

PPS provides benefits for sick leave to its eligible employees consisting of one and one quarter (1¼) days of sick leave per calendar month. Sick leave can only be used for paid time off at the employee's normal rate of pay when the employee is unable to perform their duties because of illness or injury. Unused sick leave benefits accumulate during the employee's period of service and no payment is due to employees upon termination of employment for unused days. Information about sick leave benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2025	2024
Employee sick leave benefit obligation – beginning of the year	1,548	1,395
Expense for the year:		
Current service cost	225	218
Interest cost	55	49
Actuarial gain	69	-
Benefits paid during the year	(117)	(114)
Sick leave benefit obligation – end of year	**1,780**	1,548

5. Employee future benefits (continued)

At the end of fiscal year, an actuarial valuation of PPS's employee sick leave benefit obligation was completed using the projected benefit method prorated on services. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follows:

	2025	2024
Discount Rate	**2.93%**	3.42%
Rate of compensation economic increase per year:		
2025	**2.26%**	2.26%
2026 and thereafter	**2%**	2%
Average remaining service period of active employees (in years)	**8.69**	8.7

6. Accounts receivable

(in thousands of dollars)	2025	2024
Receivables – Federal government entities	**105**	1,595
Receivables – External parties	**525**	545
Total accounts receivable	**630**	2,140

7. Advances

(in thousands of dollars)	2025	2024
Salary advances	**15**	17
Total advances	**15**	17

Notes to the Financial Statements

For the year ended March 31

8. Tangible capital assets

(in thousands of dollars)

	Cost						Accumulated Amortization						Net Book Value	
	Opening balance	Additions [1]	Disposal and adjustments	Transfer of assets from OGD	Transfers	**Closing balance**	Opening balance	Amortization	Disposal and adjustments	Transfer from OGD	Other	**Closing balance**	**2025**	**2024**
Asset under development	**3 186**	1,304	-	-	(3,040)	**1,450**	-	-	-	-	-	-	**1,450**	3,186
Work in progress	**465**	1 048	-	-	(623)	**890**	-	-	-	-	-	-	**890**	465
Informatics hardware and infrastructure	**188**	-	-	-	-	**188**	**148**	40	-	-	-	**188**	-	40
Software	**5,497**	-	-	-	3,040	**8,537**	**1,029**	1,203	-	-	-	**2,232**	**6,305**	4,468
Machinery and equipment	**2,093**	70	-	-	278	**2,441**	**1,368**	220	-	-	-	**1,588**	**853**	725
Vehicles	**2,347**	-	-	-	345	**2,692**	**1,800**	284	-	-	-	**2,084**	**608**	547
Other equipment	**185**	5	-	-	-	**190**	**37**	28	-	-	-	**65**	**125**	148
Arms and Weapons	**544**	-	-	-	-	**544**	**124**	37	-	-	-	**161**	**383**	420
Total	**14,505**	**2,427**	-	-	-	**16,932**	**4,506**	**1,812**	-	-	-	**6,318**	**10,614**	9,999

(1) In the year, PPS capitalized $1,374 (2024 - $1,734) of salaries and operating expenses to assets under development related to large information technology projects.

9. Contractual obligations

The nature of PPS's activities can result in some large multi-year obligations whereby PPS will be obligated to make future payments when goods are received, and services are rendered. PPS has estimated that there are no significant contractual obligations to be presented in these Financial Statements.

10. Contingent liabilities

As of March 31, 2025, some claims or possible claims against PPS exist; specifically, one claim relating to an employee and two claims relating to employee groups. These claims have been or will be referred to adjudication by the Federal Public Labour Relations and Employment Board. As of March 31, 2025, these three claims have been assessed as likely to occur and a reasonable estimate for each claim has been made based on Legal Counsel and management's assessment of the particulars of each claim. A contingent liability of $276,000 has been recorded at March 31, 2025 ($336,000 at March 31, 2024).

11. Budget figures

Given the difference between parliamentary authorities and Canadian public sector accounting standards, the budget figures presented have been adjusted to conform to the basis of accounting for these Financial Statements. Note 3 provides a high-level reconciliation between the bases of reporting.

12. Employee pension benefits

PPS employees participate in the Public Service Pension Plan (PSPP), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada Penson Plan and Québec Pension Plans benefits and are indexed to inflation.

Both the employees and PPS contribute to the cost of the PSPP. Contributions made by PPS, included in salaries and benefits expense, totaled $7,657,357 at March 31, 2025 ($6,217,797 at March 31, 2024).

PPS's responsibility regarding the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, PPS's sponsor.

13. Related party transactions

PPS is related, as a result of common ownership, to all Government of Canada departments, agencies and Crown corporations. PPS enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services received without charge

During the year, PPS received services that were obtained without charge from federal government departments and agencies. These services received without charge have been recorded in PPS's Statement of Operations and Net Financial Position as follows:

(in thousands of dollars)	**2025**	**2024**
Public Services and Procurement Canada – Accommodations	**4,289**	4,072
Treasury Board Secretariat – Employer's share of insurance premiums	**7,336**	6,669
Total services received without charge	**11,625**	10,741

The Government of Canada has centralized some of its administrative activities to ensure the efficient and cost-effective delivery of programs to the public. As a result, common service organizations provide specific services to all federal government departments and agencies without charge. The cost of these services, such as payroll and cheque issuance services provided by Public Services and Procurement Canada, is not included as an expense in PPS's Statement of Operations and Net Financial Position.

(b) Other transactions with related parties

Expenses shown below include services received without charge as described in section (a) of this note.

(in thousands of dollars)	**2025**	**2024**
Expenses – Federal government entities	**27,261**	25,023
Recoveries – Federal government entities	**1,446**	1,260

14. Financial instruments

PPS is subject to the following financial risks from its financial instruments:

a) Credit risk:

Credit risk refers to the risk that the counterparty to a financial instrument will cause a financial loss to PPS by failing to discharge an obligation. PPS is exposed to credit risk relating to its accounts receivable and advances disclosed in notes 6 and 7, which re due mostly from federal government entities. Management believes that these balances do not have significant credit risk.

b) Liquidity risk:

Liquidity risk refers to the risk that PPS will encounter difficulty in meeting its obligations associated with its financial liabilities. PPS receives annual parliamentary authorities. Management manages liquidity risk by ensuring that total annual expenditures are within these authorities, as disclosed in note 3(b).

c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. PPS is not subject to significant market risk as it does not hold investments, debt or foreign currency.

PPS's financial risks, and the process to manage these risks, have not changed significantly from the prior year.